



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Regulatory Commission of Alaska

Sean Parnell, Governor
Emil Notti, Commissioner
Robert M. Pickett, Chairman

March 5, 2010

In reply refer to: Finance Section
File: PC26-0905DD
LO#: L1000069

Martin N. Finnesand
General Manager
Chitina Electric, Inc
P.O. Box 88
Chitina, AK 99566

Dear Mr. Finnesand:

On March 4, 2010, the Commission approved updated **Permanent** PCE levels in cents per kilowatt-hour (¢/kWh) for Chitina Electric, Inc (CEI), for the listed classes of customers as follows:

Residential	30.68¢
Community Facilities 0-8,750kWh	30.68¢
Community Facilities over 8,750kWh	25.88¢

The revised PCE levels are due to Commission approval of CEI's Fuel Cost Update submitted on February 8, 2010. The new PCE levels are effective for billings rendered after March 4, 2010. For your reference, copies of the Commission Staff's recommendations and schedules are attached as an Appendix.

The Commission reminds CEI of its continued obligation under the PCE legislation to provide its customers with the notice specified in AS 42.45.120 or similar notice approved by the Alaska Energy Authority.

The Commission also reminds CEI of its obligation under 3 AAC 52.620 and 3 AAC 52.640 to notify the Commission of any change in its rates, surcharges, and/or efficiency of operation and advises CEI that failure to comply with those requirements could jeopardize its continued participation in the program.

Letter Order-CEI
Page 2 of 2
March 5, 2010


If CEI believes that the calculation used to establish the PCE level in this Letter Order is incorrect, it should seek reconsideration setting forth why it believes the calculation is in error. Any reconsideration request must be submitted within 15 days of the date of this Letter Order.

If you have any questions regarding the calculation of PCE levels, please contact Utility Financial Analyst John White at (907) 276-6222.

BY DIRECTION OF THE COMMISSION

Sincerely,

REGULATORY COMMISSION OF ALASKA


for Robert M. Pickett
Chairman

cc: Jeffery Williams, Alaska Energy Authority

STATE OF ALASKA

**DEPARTMENT OF COMMERCE,
COMMUNITY & ECONOMIC DEVELOPMENT**
REGULATORY COMMISSION OF ALASKA

SEAN PARNELL, GOVERNOR

701 WEST EIGHT AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501-3469
PHONE: (907) 276-6222
FAX: (907) 276-0160
TTY: (907) 276-4533
WEBSITE: <http://rca.alaska.gov>

DATE: March 5, 2010

INVOICE#: 26-0905DD

DATE DUE: April 4, 2010

Martin Finnesand
General Manager
Chitina Electric, Inc
P.O. Box 88
Chitina, AK 99566

Fee for Commission Staff analysis and recommendations Re:

FILE #: PC26-0905DD

LO #: L1000069

Fuel Cost Update under the Power Cost Equalization Program

Amount Due : \$ 39

TOTAL AMOUNT DUE: \$ 39

MAKE CHECK PAYABLE TO: **STATE OF ALASKA**

PLEASE REMIT CHECK AND COPY OF THIS INVOICE TO:

**REGULATORY COMMISSION OF ALASKA
701 W. 8TH AVE., SUITE 300
ANCHORAGE, AK 99501-3469**

If you have any questions, please contact Joyce McGowan at (907) 263-2132 or
joyce.mcgowan@alaska.gov.

Chitina Electric, Inc

FILE #: PC26-0905DD

Amount Due: \$ 39

LO #: L1000069

Check Number _____

Please tear along dotted line and submit payment with bottom portion. Thank you.

Power Cost Memorandum Fuel Cost Update

Date: March 4, 2010

Utility Name (Cert. No.) CHITINA ELECTRIC INC	Utility File No. PC26-0905DD	Date Filed: February 8, 2010
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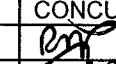
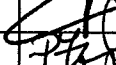
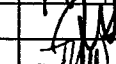
PCE LEVEL SUMMARY	Previously Approved PC26-0905CC <u>Date Approved:</u> February 18, 2010	Staff Recommended Level(s) and Effective Date PC26-0905DD March 5, 2010
Class Rate		
Residential	\$0.2980	\$0.3068
Community Facilities 0-8,750 k wh	\$0.2980	\$0.3068
Community Facilities over 8,750 kwh	\$0.2588	\$0.2588
<input type="checkbox"/> Interim <input checked="" type="checkbox"/> Permanent <input type="checkbox"/> Interim <input checked="" type="checkbox"/> Permanent		

Prior Fuel Purchase Price: <u>\$ 2.8700</u>	New Fuel Purchase Price: <u>\$ 2.9700</u>
<input checked="" type="checkbox"/> Actual <input type="checkbox"/> Weighted	<input checked="" type="checkbox"/> Actual <input type="checkbox"/> Weighted
Delivery Charge: _____	Surcharge Change: Previous _____ Updated _____

Signed: 
Kevin AufDerHeide

Utility Financial Analyst

Commission decision re. this recommendation :

	Date (if different from 3/4/10)	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT *
Pickett				
Giard				
Lisankie				
Patch				
Wilson				

Special Instructions to Staff:

* If this column initialed, Staff will contact the Commissioner for the statement, otherwise, dissent will simply be noted at the close of the By Direction Letter or Order.

CHITINA ELECTRIC INC

POWER COST EQUALIZATION CALCULATION
 BASED ON TEST PERIOD ENDING JUNE 30, 2005
Fuel Cost Update

	PC26-0905CC	PC26-0905DD	
	Prior Commission Approval	Utility Request	Staff Recommended
A. Total KWH Generated	423,188	423,188	423,188
B. Total KWH Sold (Appendix 2)	388,443	388,443	388,443
C. Total Non-Fuel Costs (Appendix 2)	72,946	72,946	72,946
D. Non-Fuel Cost/KWH (C / B)	\$0.1878	\$0.1878	\$0.1878
E. Total Fuel Costs (Appendix 2)	103,733	107,348	107,348
F. Fuel Costs/KWH (E / B)	\$0.2670	\$0.2764	\$0.2764
G. Eligible Costs/KWH (D + F)	\$0.4548	\$0.4641	\$0.4641
H. Eligible Cost/KWH (G) less base rate in effect (14.12 cents)	\$0.3136	\$0.3229	\$0.3229
I. Lesser of (H) or 85.88 cents/kWh	\$0.3136	\$0.3229	\$0.3229
J. Average Class Rates (Appendix 3)			
Residential	\$0.4188	\$0.4188	\$0.4188
Community Facilities 0-8,750 kWh	\$0.4188	\$0.4188	\$0.4188
Community Facilities over 8,750 kWh	\$0.2588	\$0.2588	\$0.2588
	Class Power Cost Equalization Per kWh Payable		
K. Lesser of: (I) x 95%, or (J)			
Residential	\$0.2980	\$0.3068	\$0.3068
Community Facilities 0-8,750 k wh	\$0.2980	\$0.3068	\$0.3068
Community Facilities over 8,750 k wh	\$0.2588	\$0.2588	\$0.2588
L.	100%	100%	100%
Funding Level in Effect			
Residential	\$0.2980	\$0.3068	\$0.3068
Community Facilities 0-8,750 k wh	\$0.2980	\$0.3068	\$0.3068
Community Facilities over 8,750 k wh	\$0.2588	\$0.2588	\$0.2588

CHITINA ELECTRIC INC

SCHEDULE OF ELIGIBLE POWER COSTS, SALES AND EFFICIENCY
BASED ON TEST PERIOD ENDING JUNE 30, 2005

Fuel Cost Update

		PC26-0905CC	PC26-0905DD	
		Prior Commission Approval	Per Utility	Per Staff
Non-Fuel Costs:				
A.	Personnel Costs	38,531	38,531	38,531
B.	Operating Expenses	4,755	4,755	4,755
C.	General and Administrative	18,569	18,569	18,569
D.	Depreciation	11,090	11,090	11,090
E.	Interest Expense	0	0	0
F.	Total Non-Fuel Costs	\$ 72,946	\$ 72,946	\$ 72,946
Fuel Costs:				
G.	Gallons Consumed for Electric Generation	36,144	36,144	36,144
H.	Most Recent Purchase	\$2.9700	\$ 2.9700	\$ 2.9700
		1/22/2010		
I.	Total Fuel Cost	\$ 103,733	\$ 107,348	\$ 107,348
J.	kWh Generated	423,188	423,188	423,188
K.	kWh Sales	388,443	388,443	388,443
L.	Efficiency (L / I)	<u>Standard</u> 10.5	10.75	10.75
M.	Line Loss - St. Serv.	12%	8.21%	8.21%
(kWh generated - kWh Sold)/kWh generated				

CHITINA ELECTRIC INC.

AVERAGE RATE CALCULATION

BASED ON TEST PERIOD ENDING JUNE 30, 2005

Appendix 3

Calculation of Average Class Rate per kWh

Rate Schedule: Residential

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4)	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. Rate (\$/kWh) - \$.1412/kWh
500	0.5600	0.0000	0.5600	280.00	0.5600	0.4188
500				280.00	0.5600	0.4188
TOTAL (A)						(E)

Rate Schedule: Community Facilities

(1) kWh by Block	(2) Rate (\$/kWh)	(3) Surcharge If Applicable (\$/kWh)	(4) Total (\$/kWh) (2+3)	(5) Total \$ (1x4)	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. Rate (\$/kWh) - \$.1412/kWh
0-8750	0.5600	0.0000	0.5600			0.4188
Over 8750	0.4000	0.0000	0.4000			0.2588
TOTAL (A)						(E)